Economic Governance in Post-Assad Syria: Actors, Power Relations, and Future Scenarios

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Working Group on Economy and Development

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Executive Summary[1]

This paper examines patterns of economic governance in Syria after the fall of the Assad regime. It adopts a political economy approach centred on actor-mapping analysis, power relations, institutional structures, and mechanisms of influence over economic decision-making. The study proceeds from the premise that the central challenge in the current phase extends beyond economic reconstruction or the pursuit of growth. Rather, it lies in the nature of the governance arrangements that will organise resource management, the allocation of economic opportunities, and the boundaries of influence among the state, informal networks, and external actors. These dynamics carry significant implications for the equitable distribution of wealth and resources among all Syrians.

Drawing on relevant literature, secondary data, and expert interviews based on semi-structured questionnaires, the study finds that economic governance in Syria is marked by a hybrid and fragmented structure. The effective role of traditional official state institutions has receded in favour of informal networks of influence and supra-ministerial bodies directly linked to the core of executive authority, namely the Presidency. Institutional changes following the fall of the Assad regime — including ministerial mergers, the dissolution of certain institutions, and the creation of new sovereign entities — have further constrained the role of official economic institutions. Core decisions concerning investment, resources, and trade are increasingly taken through opaque and unaccountable channels outside established administrative hierarchies.

The paper documents the rise of informal actors as central players in Syria's political economy. Former faction leaders, economic intermediaries, and emerging business figures have been reintegrated into the state's economic power structure, either through official positions or through indirect control over resources, border crossings, and major contracts. These networks do not operate in isolation from the state. Rather, they function from within and through state institutions. This has blurred the boundaries between the formal and informal spheres and reproduced a mode of government reminiscent of the Assad era, rooted in patronage, loyalty, and personal interests.

The study also shows that external actors exert influence through conditional financing, the selection of local partners, and the political legitimation of the authorities through official economic agreements. While some of these interventions have improved transparency standards at the level of specific projects, they have not produced a structural transformation in governance patterns. On the contrary, in many cases, external interventions have interacted with local networks of influence and reconstituted them in new forms. Most economic interventions by external actors have also been directed towards investment

1 This paper substantially captures the realities of economic governance in Syria during the present phase. It should be noted, however, that its analysis is based on fieldwork conducted in October and November 2025, alongside data available up to February 2026. Accordingly, it does not incorporate subsequent developments or changes that may have occurred after that date.

in the rentier economy, generating benefits that primarily accrue to elites and, in many cases, translating into higher living costs for the majority of Syrians.

The paper identifies three potential scenarios for the trajectory of economic governance in Syria. These scenarios should not necessarily be understood as separate pathways. Rather, they are deductive analytical models that may overlap within a given period or unfold sequentially over time. The most likely short-term scenario is **Veiled Dominance**, under which decision-making remains highly centralised and networks of influence are incorporated into official frameworks without genuinely dismantling patronage relations or building effective accountability mechanisms. The scenario of **Fragmentation and State Absence** represents the worst-case trajectory. Under this scenario, the failure of the centre and the absence of adequate financing would give rise to uncoordinated forms of local governance and deepen economic fragmentation. The most desirable scenario remains **Structural Reform and Institutional Recovery**. Its realisation, however, depends on the existence of clear political will to reshape existing power relations, curb informal influence, and link external financing to genuine institutional reforms.

The paper concludes that the trajectory of economic governance in Syria is shaped largely by the balances of power among the different actors influencing and implementing economic decision-making. Any effective policy approach must therefore work gradually to reshape these balances in ways that expand the space for organised economic activity beyond rentier networks of influence. This can be achieved by strengthening micro and small enterprises (MSMEs), encouraging collective forms of action — whether informal, such as professional coordination platforms, or formal, through the reform of trade unions and chambers of industry and commerce — and supporting civil society initiatives concerned with monitoring public economic policies and major investment projects and demanding accountability for them. Such measures would weaken mechanisms of monopoly and patronage, while advancing the transition towards an inclusive model of economic governance oriented towards a fairer distribution of economic opportunities and resources.

Introduction

The fall of the Bashar al-Assad regime marks a pivotal moment in Syria's history. Its implications extend beyond political and security transformations to the country's economic structure and the governance patterns associated with it. This transition follows decades marked by patronage, corruption, and economic inefficiency, followed by years of conflict that produced extensive infrastructural destruction, declining production, the proliferation of conflict economies, and the erosion of state institutions. Since taking power in December 2024, the new authorities have announced a shift towards comprehensive economic transformation. Yet the contours of this trajectory, and the mechanisms through which it will be pursued, remain unclear. This ambiguity is particularly significant given the multiplicity of economic actors and the overlap of their roles at both the domestic and external levels, with adverse implications for transparency, accountability, and the rule of law.

The economic challenge at this stage is therefore not confined to physical reconstruction. It also extends to institutional questions related to rebuilding public trust, establishing robust mechanisms for monitoring, evaluation, and accountability, and defining the regulatory rules that govern economic activity. There is also a need to clarify fundamental questions concerning the nature of the new economic environment and the limits of the state's capacity to restore its regulatory role in a context marked by overlapping interests and multiple centres of influence. For the state, the private sector, and civil society, understanding and addressing these challenges constitutes a key entry point for confronting the risks of clientelism and local authoritarianism. It is also necessary to prevent the reconstitution of the Assad-era economy — one rooted in rent-seeking, patronage, and monopoly — in new forms.

Building on this, the paper seeks to understand patterns of economic governance in Syria after the fall of the Assad regime through an actor-mapping analysis of economic actors, including official state institutions, informal actors, and external actors, such as international organisations and states. It focuses on their roles and mechanisms of influence over economic decision-making. The paper also seeks to anticipate potential trajectories of economic governance during the coming phase and to provide evidence-based policy proposals that support a transition towards a model of economic governance capable of advancing inclusive and sustainable economic development. The paper focuses on changes in economic governance in areas formerly controlled by the Assad regime, as well as in northern and north-western Syria, without examining in depth the potential implications of these changes for north-eastern Syria. Given that former regime-held areas constitute the country's largest geographic and demographic bloc and retain control over key Syrian state institutions, such as the Central Bank of Syria, the paper revisits the governance mechanisms that characterised the Assad era and examines on the transformations they have since undergone.

The paper adopts a qualitative research approach comprising two stages. The first consisted of a systematic review of the literature on economic governance and political economy in post-conflict contexts, in addition to a review of research reports and analytical articles addressing economic transformations and governance dynamics in Syria during the transitional phase. The second relied primarily on qualitative data collected through in-depth interviews with 14 experts from diverse professional backgrounds, conducted in October and November 2025. These included business owners, economists, and current and former economic officials.

The interviews were guided by a semi-structured questionnaire comprising 19 questions organised around four main themes: formal actors, informal actors, external actors, and policy proposals and recommendations. The qualitative data were analysed using thematic and narrative analysis in order to understand the actor landscape and its interaction with mechanisms of economic governance, thereby supporting the paper's findings and policy recommendations.

The first section outlines the theoretical and conceptual framework that underpins the paper's analysis of economic governance in post-conflict settings. The second provides an overview of the Syrian context. The third examines the landscape of economic actors in Syria by unpacking their functional structures and reviewing the mechanisms through which they influence economic decision-making. The fourth provides an analytical reading of the characteristics of economic governance after the fall of the Assad regime. The fifth discusses potential scenarios for the trajectory of economic governance in light of existing power relations and broader political economy dynamics. The paper concludes with a set of evidence-based policy recommendations aimed at supporting a path towards inclusive and sustainable economic governance.

1. Theoretical and Conceptual Framework of Economic Governance in Post-Conflict Contexts

Economic governance is commonly defined as the set of rules, institutions, and processes through which authority is exercised in managing a country's economic affairs.[2] This definition, however, does not fully apply to fragile states and countries recently emerging from conflict. In these contexts, economic institutions rarely operate within stable legal and bureaucratic frameworks. They function instead in environments marked by multiple actors and by the entanglement of formal and informal forms of resource management and control. [3]

Economic governance should therefore not be understood solely as a technical process of administrative or institutional reform, and capacity-building. It is also a political process that reflects struggles over power, resources, and legitimacy. In fragile and post-conflict states, weak state authority, limited institutional capacity, and ambiguous state-society relations directly shape how economic decisions are made and implemented. These factors constrain the ability of formal institutions to regulate economic activity and strengthen the role of informal and external actors in shaping economic dynamics.

The experiences of several Arab Spring countries show that failures of economic governance played a central role in eroding trust between citizens and state institutions. They also deepened political and economic crises and worsened human security conditions, ultimately contributing to social uprisings against the ruling regimes of the time. Economic governance arrangements that fail to address the root causes of conflict — including exclusion, inequality, and marginalisation — are therefore likely to intensify social polarisation and deepen political, economic, and security uncertainty.[4]

Some of the literature suggests that the post-conflict phase does not necessarily mark an institutional rupture with previous governance mechanisms. Nor does it automatically create an opportunity for reform. Patterns of economic governance that emerge during periods of conflict or crisis, particularly in authoritarian regimes,[5] often persist in substance. They are frequently reconfigured

2 Kaufmann, Daniel; Kraay, Aart; Zoido-Lobaton, Pablo (2000): Governance Matters, World Bank Policy Research Working Paper No. 2196. Washington, DC

3 Rocha Menocal, Alina (2011): State-Building for Peace: A New Paradigm for International Engagement in Post-Conflict Fragile States, Third World Quarterly, Vol. 32, No. 10, pp. 1715–1736

4 Heydemann, Steven. (2025): "Economic Development, Governance, and Human Security after the Arab Uprisings", Brookings Institution

5 Heydemann, Steven (2007): Upgrading Authoritarianism in the Arab World. Saban Center for Middle East Policy, Brookings Institution, Analysis Paper No. 13, 2007

into competition among multiple actors seeking to control what remains of state resources and institutions and to use them as sources of local and international legitimacy.

1.1. Patterns of Economic Governance

States emerging from armed conflict often suffer from fragile governance, particularly in the economic sphere. This increases the risk of relapse into violence. Improving governance through greater transparency, participation, and accountability is therefore directly associated with reducing these risks. It is important to note that Gross Domestic Product (GDP) growth cannot substitute for effective economic governance in sustaining stability in post-conflict states.[6]

Governance fragility in post-conflict states can be situated along a spectrum of patterns. The first is the predominance of fragile governance dynamics across all domains, including the economy. This pattern is characterised by the state's weak capacity to provide public services, the absence of secure property rights, and the lack of enforceable contracts. These conditions obstruct reconstruction and constrain economic recovery.[7]

The second pattern is informal governance, which emerges where authority is absent or weak. In this pattern, non-state actors administer alternative economic mechanisms that may be locally effective but operate outside formal systems of accountability. These actors derive legitimacy from performance rather than law, and power from powerholders rather than from state institutions.[8]

The third pattern is hybrid governance, which combines formal and informal elements. In this model, governance often assumes a negotiated character between the state and local networks of actors. While this may prevent the complete collapse of the state, it places economic decision-making within unaccountable balances of power.[9]

Economic power relations in post-conflict states also face two interrelated dilemmas.[10] The first is the problem of credible commitment. Formal authorities are unable to provide stable guarantees to citizens and the private sector regarding the protection of property rights and the continuity of commercial laws. This generates persistent concern that rules may be altered under the influence of political or informal power. The second dilemma lies in coordination failures

6 Hegre, Håvard & Håvard Mokleiv Nygård (2015): Governance and Conflict Relapse, Journal of Conflict Resolution 59 (6): 984–1016

7 Brinkerhoff, Derick W. (2005): Rebuilding Governance in Failed States and Post-Conflict Societies: Core Concepts and Cross-Cutting Themes. Public Administration and Development, Vol. 25, No. 1, pp. 3–14

8 Ballentine, Karen; Nitzschke, Heiko (2003): Beyond Greed and Grievance: Policy Lessons from Studies in the Political Economy of Armed Conflict. International Peace Academy (IPA)

9 Rocha Menocal, Alina (2011): State-Building for Peace: A New Paradigm for International Engagement in Post-Conflict Fragile States, Third World Quarterly, Vol. 32, No. 10, pp. 1715–1736

10 Malik, Adeed and Zaki, Chahir (2022): The political economy of post-conflict reform in Arab societies. ERF Working Paper No. 1600, Economic Research Forum

resulting from institutional fragmentation and the absence of trust after conflict. Formal and informal actors operate in disconnected ways and without regular channels of coordination, obstructing the formulation and implementation of integrated and effective economic policies.

1.2. Actors in Economic Governance

In post-conflict states, economic governance is not the preserve of formal state institutions alone. It is shaped by the interaction of formal, informal, and external actors operating in an environment marked by multiple centres of influence and attempts to monopolise economic authority.

- **Formal actors:** The literature is cautious in assessing how quickly state institutions can restore their role after conflict. International and domestic approaches, however, often overestimate the capacity of these institutions to act rapidly and effectively. Such approaches tend to prioritise technocratic reforms while overlooking the political, economic, and social roots of conflict. The result is the presence of formal economic institutions that exist largely in name but remain limited in their ability to enforce rules or implement policies.[11]

- **Informal actors:** Internal conflicts typically reshape economies by destroying formal channels and expanding informal and illicit economies. These economies often persist after the cessation of hostilities because their beneficiaries retain considerable economic and political influence. Informal actors constitute a parallel and alternative mode of governance for as long as state institutions remain weak and ineffective. The relationship between formal and informal actors is not necessarily one of zero-sum conflict; at times, it assumes a negotiated or complementary character.[12]

- **External actors:** External actors contribute to reshaping the balances of power among local actors. Donor interventions, or those of influential states, may bypass local institutions and impose ready-made governance models that weaken the state rather than strengthen its capacities. The most effective interventions are therefore those that recognise the multiplicity of actors and strengthen local collective action and accountability, rather than those imposed from above on the basis of narrow political interests.[13]

Weak economic governance undermines the stability of post-conflict states through clear mechanisms: failures in policy implementation, the spread of corruption, and the proliferation of exclusion and injustice. These mechanisms prolong risk and

11 Rocha Menocal, Alina (2011): State-Building for Peace: A New Paradigm for International Engagement in Post-Conflict Fragile States, Third World Quarterly, Vol. 32, No. 10, pp. 1715–1736

12 Williamson, Oliver, E (2005): “The Economics of Governance.” American Economic Review 95 (2): 1–18

13 Justino, Patricia (2017): “Governance Interventions in Fragile and Conflict-Affected Countries.” The Institute of Development Studies and Partner Organisations

allow conflict-related economic incentives to persist, increasing the likelihood of instability and the outbreak of violence.[14]

14 Ballentine, Karen; Nitzschke, Heiko (2003): Beyond Greed and Grievance: Policy Lessons from Studies in the Political Economy of Armed Conflict. International Peace Academy (IPA)

2. Overview of the Syrian Context

By the end of 2024, economic governance in Syria had deepened the structural collapse of the Syrian economy. This collapse was the result of decades of authoritarianism, years of armed conflict, sanctions, and corruption. The management of what remained of the country's resources had been redirected toward rentier mechanisms designed to sustain power, at the expense of state institutions' role in improving Syrians' living conditions. These mechanisms intensified significantly during the war years. They contributed to the collapse of economic and social indicators, leaving 90 percent of Syrians below the poverty line and causing gross domestic product to contract by more than 50 percent in 2024 compared with 2010 figures.[15]

During the conflict, the Syrian economy witnessed the emergence of different patterns of economic governance according to the de facto forces in control. In 2024, before the fall of the Assad regime, four structurally distinct patterns existed. They nevertheless converged around the individual interests of powerholders across different areas. This fragmentation of governance had significant implications for the effectiveness and integration of the economy across Syria.

The 2024 Fragile States Index shows that Syria suffers from profound structural fragility.[16] The persistent rise in indicators of economic decline and inequality reflects the collapse of the productive base, the destruction of infrastructure, and the expansion of unemployment and social disparities. High scores for insecurity, deteriorating public services, and weak rights protection point to the state's loss of effective capacity to enforce the law, protect property rights, and implement contracts. This increases investment risks and reinforces economic actors' reliance on informal networks. The factionalised elites' indicator reflects the erosion of central authority caused by deep divisions within political and economic elites. This has given rise to informal actors who control vital economic sectors and impose negotiated arrangements of influence-sharing on the state. The sharp increase in the external intervention indicator further complicates this reality, pointing to the erosion of economic sovereignty and the subordination of part of economic governance to regional and international balances and interests.

The economic governance mechanisms of the Assad era, particularly during the conflict, therefore constitute a heavy burden for any new authority in the country. Yet the post-Assad phase does not appear to represent a complete institutional rupture with previous governance patterns. In many respects, it reflects the reassertion of control over economic resources within new balances of power. The economic approach that began to take shape after 2024 sought to reconcile two conflicting orientations: the rhetoric of openness to a market economy

15 UNDP (2025): The impact of the conflict in Syria, United Nations Development Programme.

16 The Fund for Peace (2024): Fragile States Index. Retrieved from https://fragilestatesindex.org/

and investment attraction, on the one hand, and the continued centralisation of decision-making, weak transparency, the absence of participation, and the entanglement of political and economic interests, on the other. Economic governance in the new phase therefore continues the pre-collapse model in key respects: the absence of clear rules for accountability, the lack of separation among economic powers, and the management of resource and privilege redistribution among elites and centres of power.[17]

The current authorities have also sought to integrate the different governance structures that prevailed during the conflict. This process faces numerous challenges and has proceeded in a disorderly manner. It has focused on nominal integration, creating the appearance of centralised economic governance in Damascus, while the realities of economic activity remain, in part, subject to localised governance mechanisms. Disparities in salaries and wages among public-sector employees across different areas are one manifestation of the divergent patterns of economic governance that prevailed during the conflict. The current authorities have sought to reduce these disparities through Decrees 102 and 103 of 2025 and Decree 68 of 2026, which increased the base salary of employees and retirees in areas formerly controlled by the Assad regime. Yet these decrees have not unified the governance pattern. They coincided with the dismissal of tens of thousands of employees, rising prices of basic goods and energy, discontent among workers in areas formerly controlled by Hay'at Tahrir al-Sham (HTS) over their exclusion from the pay raise, decisions to transfer employees to workplaces far from their places of residence, and, most importantly, the persistence of loyalty-based support mechanisms. A vast gap also remains between the salaries and allowances of "ordinary" employees and those close to HTS.

From an administrative perspective, the formal economic structure underwent profound institutional transformations following the fall of the Assad regime. These transformations reflected an attempt to reorganise economic authority and control over resources more than an effort to build a participatory and transparent governance model. They aimed to dismantle some of the economic structures associated with the former regime, rearrange official economic institutions, and redistribute powers in ways that enable tighter control over economic decision-making during a high-risk transitional phase.

This process involved the merger and dissolution of several key economic ministries and institutions. Most notably, the Ministry of Economy and Industry was created through the merger of three previously independent ministries, while affiliated institutions such as the General Foreign Trade Organisation were dissolved. The Ministry of Energy was also established by merging the ministries of oil, water resources, and electricity into a single entity. New specialised institutions with broader financial and administrative autonomy were also established, including the General Authority for Borders and Customs, the Syrian Development Fund, the Sovereign Fund, and the Supreme Council for

17 Daher, Joseph. and Mehchy, Zaki (2025): Syria's Economic Transition: From Kleptocracy to Islamic Neoliberalism in a War-Torn Economy. PeaceRep: The Peace and Conflict Resolution Evidence Platform, University of Edinburgh

Economic Development. The latter reports directly to the Presidency and controls economic decision-making, including decisions related to resource allocation and foreign investment.

The Syrian Electricity Company was established pursuant to Decree No. 45 of 2026. It enjoys financial and administrative autonomy, and profits constitute one of its funding sources under Article 14 of the decree. This aligns with the authorities' decisions to substantially raise electricity prices for consumers and to move rapidly away from treating electricity as a subsidised public good toward selling it for profit.

These changes shifted centres of decision-making from traditional ministries to supra-ministerial bodies directly linked to the head of the executive branch. They were introduced through decrees and decisions that are difficult to amend, even if the People's Assembly becomes operational, particularly given that the Assembly itself was appointed, directly or indirectly, by the President. These changes were not accompanied by effective coordination mechanisms or clear accountability systems. Instead, they expanded the economic influence of informal actors, including individuals close to and loyal to the current authorities, some of whom have assumed official economic roles.

Economic governance consequently consists of an interconnected network of official institutions, supra-ministerial bodies, intermediaries linked to resource management and relations with investors and external actors, and informal actors. In the absence of accountability, transparency, and representative bodies, Syria's current economic power relations create a conducive environment for the revival of a rentier economy that serves elites and those close to power at the expense of the majority of Syrians.

3. The Landscape of Economic Actors and Mechanisms of Influence in Syria

Economic actors in Syria today can be divided into three categories within an analytical framework that highlights overlapping roles and interconnected forms of influence. These categories are not separate, nor does any one of them operate in isolation. In the current Syrian context, economic decision-making is shaped by a complex interaction between official institutions, informal networks, and external actors. Traditional official institutions suffer from structural weakness, while newly established bodies exercise considerable influence through opaque governance arrangements. Informal networks exert de facto power outside legal frameworks, while international actors influence decision-making through financing and indirect pressure. Together, these dynamics produce a hybrid system in which authority, resources, and interests intersect.

3.1. Formal Actors

Functional Structure

The category of formal actors includes state-affiliated economic institutions, foremost among them ministries and traditional public bodies within the executive branch, alongside entities established after the fall of the Assad regime that are directly linked to the Presidency, as well as local administrations.

Traditional institutions suffer from structural weaknesses in administrative, financial, and human capacities. These weaknesses have been exacerbated by the rapid changes that affected their organisational structures following the fall of the Assad regime, including the dissolution or merger of institutions and ministries. Most newly established bodies, by contrast, enjoy broad influence, but without sufficient clarity regarding their governance mechanisms or the limits of their mandates. This has constrained the overall capacity of official institutions to coordinate public policies effectively.

These transformations were accompanied by extensive changes in human resources, including the dismissal of employees who carried institutional memory. They were replaced by new personnel loyal to the ruling authority and endowed with political influence. Most had previously worked with Hay'at Tahrir al-Sham (HTS) when it controlled Idlib and through the Salvation Government. In many cases, however, they lack the technical expertise and specialised knowledge required to manage complex economic files. The current authorities have retained 900,000 employees out of a total of 1.3 million, arguing that the surplus consisted of fictitious names.[18] Labour protests against arbitrary dismissals from government institutions in various areas of

18 Statement by Mohammad Abazid, Minister of Finance in the caretaker government following the fall of the Assad regime, to Reuters, 31 January 2025. News link: https://www.reuters.com/world/middle-east/syrias-islamist-rulers-overhaul-economy-with-firings-privatization-state-firms-2025-01-31

Syria indicate, however, that many layoffs were based on unclear criteria and, at times, assumed a sectarian character.[19]

In this context, interviews with key informants suggest that the actual role of official institutions has largely become either executive or merely nominal, with their work reduced to implementing decisions formulated elsewhere. One expert described this reality by stating that these institutions "operate as an administrative front for decisions made in other circles."

Several experts interviewed for this study describe the existing institutional landscape as fragmented, marked by multiple decision-making centres and the absence of an effective hierarchy. As one interviewee put it, "the current structure of the official economic sector is fragmented and heterogeneous, and is not based on a clear chain of command." As a result, the actual influence of traditional ministries in economic governance has receded in favour of newly established bodies directly linked to the Presidency.

This is evident in the declining role of the Ministry of Economy and Industry. Despite its merger with the Ministry of Internal Trade, the ministry gradually lost most of its executive tools following the transfer of key affiliated institutions, such as the General Organisation for Free Zones, to the General Authority for Borders and Customs. One expert observed that the ministry "no longer leads economic policies, but is rather informed of them or asked to provide them with legal cover."

Multiple expert testimonies concur that the General Secretariat of the Presidency has become a major centre of economic decision-making. It exercises a role that exceeds its nominal mandate and resolves major files, while ministries are relegated to executive roles or reduced to signing off on decisions. One expert noted that the Secretariat has "in practice become an entity performing the function of the Council of Ministers in sensitive economic matters," with increasing reliance on exceptional committees and arrangements that often lack a complete legal basis.

The interviews also point to the growing role of newly established bodies and funds, such as the Development Fund and the Sovereign Fund, as direct instruments for managing resources and major investment opportunities outside traditional ministerial channels. One expert described these structures as having "created a parallel state within the state under the pretext of bypassing bureaucracy." At the same time, the Supreme Council for Economic Development emerges as one of the most influential institutions. It bypasses the usual administrative hierarchy and is perceived as the body that "issues the final decision on major economic files," while clearly reinforcing the logic of exception.

Within this system, the Land and Maritime Crossings Authority[20] has also emerged as

19 Daher, Joseph. and Mehchy, Zaki (2025): Syria's Economic Transition: From Kleptocracy to Islamic Neoliberalism in a War-Torn Economy. PeaceRep: The Peace and Conflict Resolution Evidence Platform, University of Edinburgh

20 On December 31, 2024, the General Authority for Land and Maritime Ports was established by virtue of Decision No. /4/ issued by the Prime Minister of the caretaker government and linked to the Prime Minister, which later became the General Authority for Borders and Customs by virtue of Decree 244 dated November 12, 2025, which became linked to the Presidency of the Republic.

a highly influential economic actor because it controls vital functions related to customs, fees, and trade flows. Testimonies from the private sector indicate that decisions issued by central ministries can, in practice, be bypassed, whereas "a decision by the Crossings [Authority] is implemented immediately and cannot be circumvented." This reflects the Authority's actual position within the hierarchy of economic influence. Its practices and decisions, which are "not stipulated by law," have "encroached upon" the role of the Ministry of Economy and Industry in decisions concerning imports and exports or lists of goods permitted for circulation. This has made the Ministry's decisions subsequent to those of the Authority.

At the administrative level, the interviews reveal a duality of decision-making within traditional official institutions. Nominal positions coexist with centres of power represented by recently appointed individuals close to the authorities. This has weakened administrative legitimacy and disrupted the day-to-day functioning of institutions. Institutional knowledge has also been severely affected by scattered archives and lost data. One expert characterised the situation by stating that economic decision-making today is "managed, in part, without a knowledge base or clear cumulative indicators."

Although some experts acknowledge that dismantling the legacy of a corrupt bureaucracy was necessary, and that prior institutional memory was not necessarily positive, there is consensus that radical personnel changes, in the absence of qualified alternatives, have increased the margin of error. They have also led to improvised decisions that are revoked or amended within short periods. This has adverse implications for market stability and for the ability of economic actors to plan and make decisions.

Mechanisms of Influence

In the current economic landscape, official institutions are not merely weak structures or executive fronts. Official decisions themselves have become an effective instrument for reproducing influence and steering economic decision-making. The interviews show that influence is not always exercised through major decisions or direct interventions. It also operates through procedural and formal mechanisms within the administrative apparatus, allowing actors to control decision-making without assuming clear political or legal responsibility.

The first mechanism consists of **bureaucratic obstruction or selective facilitation**. Mid-level officials, such as assistant ministers and department directors, many of whom are close to HTS, possess the de facto capacity to obstruct or advance projects through appointment processes and complex administrative procedures.[21] The interview findings also indicate that economic decisions related to major projects do not always pass through the established institutional hierarchy of ministers, directors-general, and specialised committees. Instead, they are often taken at the Presidency, either through the General Secretariat of the Presidency or

21 Zaman al-Wasl, "الإصلاح المتعثّر: كيف يتسلّل الفساد مجدّداً إلى مؤسّسات سوريا ما بعد الثورة" [Stalled Reform: How Corruption Is Creeping Back into Post-Revolution Syria's Institutions], 7 June 2025, https://www.zamanalwsl.net/news/article/169152

through circles close to the President.

As one expert put it, economic decision-making is "imposed from above without meaningful discussion within the relevant institution." Staff appointed on the basis of loyalty, "most of whom are commonly referred to as Sheikhs," are then tasked with legitimising these decisions and expediting their ratification. Conversely, they may obstruct proposals from other staff members within the institution when these do not align with the objectives of narrow power circles. The Presidency therefore controls the nature and objectives of economic projects, while mid-level administrative layers effectively control the timing and details of implementation. This helps explain why issued decisions appear "scattered, falling short of the level of policy, and with no clarity as to the studies or technical inputs on which they were based."

This practice intersects with a second mechanism based on **media promotion and formalistic legitimation**. Media discourse is used to showcase institutional successes or embellish the image of official performance before public opinion, thereby granting nominal legitimacy to decisions that were not produced through a genuine institutional process. One expert explained that economic decisions within official institutions today are made by "new appointees selected based on loyalty rather than competence." This has weakened genuine dialogue with chambers of industry and commerce and the private sector, as discussions remain largely perfunctory and do not alter decisions already taken.

In this context, most media outlets become tools for covering up and marketing ready-made decisions, rather than contributing to accountability and debate. One example is the campaign launched by several social media influencers close to the authorities around the "necessity" of raising electricity prices in order to provide an efficient and sustainable service. The campaign did not address the fact that sharp price increases would have disastrous implications for the already deteriorating living conditions of most households in Syria.

The third mechanism consists of **fragmenting institutional responsibility** through the merger or cosmetic restructuring of ministries, as in the case of the Ministry of Economy and Industry. This pattern creates administrative confusion that allows decisions to pass without genuine coordination or clear assignment of responsibility. In practice, this marginalises official specialised committees that are supposed to examine economic options. Interviews conducted for this study indicate that these committees have become "either inactive or used as a formality to rubber-stamp what other circles already decide in advance."

These mechanisms are complemented by the growing role of direct personal relationships among employees of official institutions in shaping decisions, particularly those connected to presidential circles. One business owner emphasised that the greatest influence over economic decisions is not exerted through ministries or institutions, but through direct contact between certain officials within these institutions and the "**president's inner circle.**" Most interviews agree that official economic institutions do not enjoy genuine autonomy in their decisions. Rather, they face direct and sustained interference by political bodies and influential figures, to the point that the situation now resembles a "shadow government overseeing key operations" and managing "essential files outside the institutional hierarchy."

This pattern is clearly reflected in the relationship between the state and the private sector. Several business owners indicate that obtaining approvals or exemptions for any project "has become contingent on having an influential guarantor, rather than on the project's feasibility or compliance with the law." Some major contracts and investment projects are also managed exclusively through the Presidency or its affiliated bodies. This combines the powers of preliminary approval and final authorisation in the absence of effective legislative or institutional oversight. It undermines transparency, weakens accountability, and deepens the individualised nature of economic governance, whereby institutional autonomy becomes "fragile and conditional on proximity to higher decision-making circles."

3.2. Informal Actors

Functional Structure

Informal actors refer to a diverse set of individuals and networks that exercise direct and de facto influence over economic decision-making outside regulatory and constitutional frameworks, or through the infiltration and repurposing of official institutions to serve their own interests. This designation does not necessarily refer to actors operating entirely in the shadows. Rather, it refers to actors positioned in a **grey zone between the formal and informal**, deriving their influence from political proximity, control over resources, or effective means of implementation that are not subject to institutional accountability. Interviews with key informants indicate that economic influence is no longer linked primarily to job title or official position. It is linked, instead, to the ability to access the decision-making centre directly and ensure that decisions are implemented.

According to the interview findings, this category includes former faction leaders who have been reintegrated into the economic landscape, figures close to the inner circle of power, economic networks that emerged and expanded in Idlib during the war years,[22] and new business figures incorporated

22 Among them, for example, is Ibrahim Sukkarieh, known as "Abu Maryam al-Australi," who was a military commander in Hayat Tahrir al-Sham before 2020 and has been active in the media since 2020, speaking in English about the situation in Idlib. After the fall of the Assad regime, he headed a committee responsible for settlements with businessmen formerly associated with the Assad regime and for the confiscated funds transferred to the Sovereign Fund (see: https://syrianmemory.org/archive/figures/6874edaf26667111d6825d76). Another is Muhammad Omar Qaddid, known as "Abu Abd al-Rahman al-Zarba," who currently serves as the head of the Central Financial Control Authority. It is worth noting that Abu Abd al-Rahman al-Zarba founded "Al-Wasit" exchange, which later became "Bank al-Sham," the guarantor bank for the Sham Cash application. He also established the "General Institution for Currency Management in the Liberated North," affiliated with Hayat Tahrir al-Sham. He also played a role in managing Watad Petroleum Company, which monopolised the fuel trade in Idlib for years (see https://yallasyrianews.com/a/61536). Another name is Abdul Rahman al-Salama, who served as an Emir (Prince) in Jabhat al-Nusra in the northern Aleppo sector and managed several investment projects in northern Syria, most notably al-Raqi Construction Company, which is accused of monopolising the investment market in Idlib and excluding competitors. He currently serves as governor of Raqqa Governorate, having previously served as deputy governor of Aleppo. He was also the first to hold the position of Secretary-General of the Presidency (Al Jazeera link: http://bit.ly/4vIofpC). Qutaiba al-Badawi, known as al-Mughira Binnish, served as Director-General of the General Authority for Ports and Customs since its establishment, with the rank of minister. Binnish emerged as a key leader within Hayat

into the political economy in exchange for loyalty. These actors do not operate as a homogeneous bloc. They function within a **network of intersecting interests** in which degrees of influence vary. What brings them together are shared incentives: controlling resources, securing sources of power, and building patronage networks capable of bypassing institutional channels when necessary.

Informal actors possess a high degree of influence over economic decision-making, often surpassing the role of official institutions or even rendering them ineffective. Some exercise de facto authority that enables them to push decisions outside the constitutional and legal framework. This has generated a complex dynamic in which **short-term private gains conflict with the requirements of sustainable reconstruction**. Such gains may be pursued through parallel economies, control over resources, or the reconfiguration of financial frameworks that may appear legitimate in form, such as the "Sham Cash" application,[23] but operate outside the bounds of good governance. One expert captured this contradiction by stating that "what generates quick profit for some of these networks often comes at the expense of any long-term developmental trajectory."

The influence of these informal actors is closely intertwined with weak governance within official institutions. Informal networks contribute to the generation and perpetuation of corruption, while appropriating public resources through the manipulation of policies and procedures for personal gain. In a telling characterisation of this overlap, one expert argued that "corruption is no longer a flaw within the system, but has become part of its everyday operating mechanism." Although some of these actors and individuals have succeeded, albeit unsustainably, in filling service provision gaps through donations and local-level support, this role has not strengthened public administration. Instead, it has contributed to **the emergence of a hybrid system** that both competes with and undermines formal structures, while suffering from weak accountability and limited inclusivity.

Interviews with key informants indicate that the **lines between the formal and informal have become extremely blurred**. Roles and activities overlap within a fragmented economic environment whose vital functions are controlled by actors close to the Presidency. One expert affirmed that "the economy today operates along parallel tracks that are not brought together by a single regulatory framework," which also limits the state's ability to plan or impose clear economic priorities.

Tahrir al-Sham, where he served as Emir (Prince) of the Idlib sector. In addition, Qutaiba al-Badawi played a pivotal role in managing the Bab al-Hawa border crossing with Turkey, where he was responsible for overseeing the crossings file in general within Hayat Tahrir al-Sham. Also included are the president's brothers, Maher and Hazem al-Sharaa. Maher serves as Secretary-General of the Presidency, which functions as a substitute for the Council of Ministers, while Hazem is the deputy head of the Supreme Council for Economic Development, which is chaired by the president.

23 Before the Assad regime's fall, the app was used by the "Salvation Government" in Idlib Governorate for financial transactions and was linked to "Bank Sham." Bank Sham was previously a money exchange company called "Al-Wasit." Less than a month after the Assad regime's collapse, public sector employees were required to create accounts through the app to receive their salaries, instead of depositing them into their bank accounts at public banks. Although the app's website indicates that Bank Sham is the guarantor bank, this bank remains unlicensed under current Syrian law and is not listed among the banks operating under the supervision of the Central Bank of Syria. Furthermore, the identities of the app's owners and the bank's founders are unknown.

In this context, several experts argue that economic decision-making has become largely **confined to the group that managed economic affairs in Idlib during the Salvation Government's tenure**. Another expert goes further, asserting that "fundamental decisions are not discussed within the ministries, but rather arrive ready-made for signature." This assessment aligns with a broad consensus that sensitive economic matters are managed through personal connections, and that economic influence is not tied to institutional position but grounded primarily in cronyism and networks of relationships.

Several interviews also point to the **emergence of a new informal actor: social media**, which has come to be used as an unofficial testing ground for economic decisions. According to one expert, "some decisions are tested on Facebook and Telegram more than they are discussed within official committees." Some economic decisions have been reversed under pressure from virtual public opinion, rather than through clear institutional channels. Most experts agree that this pattern does not reflect genuine openness or participation. It reveals, instead, the weakness of the formal governance system and the absence of effective communication channels, allowing unregulated pressure to become an influential factor in decision-making.

Mechanisms of Influence

Informal actors linked to the ruling authorities significantly shape economic decision-making pathways. They manage a considerable part of the economy from outside formal institutional frameworks, relying on a combination of political proximity and loyalty. The decisive factor in this influence is proximity to the inner circle of the Presidency, where **networks of trust and personal relationships are formed** and, according to one business owner, are now "used to redistribute economic opportunities and contracts." One industrialist likewise confirmed that securing approval for any project is not linked to feasibility or economic effectiveness, but to the existence of a close relationship with the ruling circle.

One key mechanism of this influence is **pre-legislative engineering**, whereby laws and decrees are formulated in ways that serve the interests of these networks. A second mechanism is the **management of exceptions**. Informal actors rely on granting direct approvals and exemptions from existing laws to their associates, thereby rendering official procedures meaningless and eliminating any potential institutional competition. In this regard, a government employee noted that many decisions are subject to the influence of unknown and undeclared actors who "oversee key operations and impose their decisions on official institutions," making adherence to general rules selective and governed by the logic of influence rather than policy.

The third mechanism involves **controlling strategic resources** through newly established bodies, such as the Land and Maritime Crossings and Ports Authority, which constitutes the most important instrument for controlling cash flows and the movement of goods. This control grants informal actors direct influence over commercial activity, determining who can enter or exit the market. It strengthens their position as central players within the political economy while restricting the role of relevant official institutions.

These mechanisms are **integrated with the actual distribution of roles within networks of influence**. For example, the Syrian Investment Authority is the official body authorised to coordinate and monitor investment projects. Yet the actors who effectively influence the distribution of resources, wealth, and projects are individuals close to the Presidency. Specific portfolios are assigned to particular figures, such as Ibrahim Sukkarieh - known by his nom de guerre Abu Maryam al-Australi, who is responsible for settlements with business figures.[24] This fragments decision-making centres and prevents any official institution from having a comprehensive picture of the economic landscape.

This pattern also reinforces opacity as an additional source of power. As one expert noted, “it is unknown who makes the decision, or on what basis it was made.” Another expert confirmed that this opacity is “part of the current governance approach.” Under these conditions, some actors and individuals close to the authorities now have the ability to resolve problems facing a given economic project with no more than “a phone call,” without referring back to the relevant official institutions.

These extensive interventions have gradually transformed government institutions into instruments of implementation and symbolic facades, restricting their ability to develop independent or long-term policies. This has entrenched a governance model based on personal networks and relationships rather than rules and procedures. The pivotal economic role played by Hazem al-Sharaa, the President’s brother and vice-chair of the Supreme Council for Economic Development, which is chaired by the President himself, exemplifies this model. It reproduces influence outside legal frameworks, weakens transparency, and undermines the prospects for building an economic administration grounded in accountability and integrity.

3.3. External Actors

Functional Structure

In the Syrian context, external actors refer to international entities that influence the trajectory of the national economy through a range of instruments, **including financing, investment, technical support, and indirect political pressure**. This role is particularly important given Syria’s urgent need for substantial financial and technical resources to undertake economic reconstruction after the fall of the Assad regime.

These actors include United Nations agencies, international financial institutions, development banks, aid agencies, international non-governmental organisations, foreign investors, and certain states and embassies. Together, they constitute key actors in supporting the current authorities’ ability to perform basic functions during the early and transitional stages of post-conflict economic recovery.

24 Syrian Memory Institution, “أرشيف الشخصيات: إبراهيم سكرية (أبو مريم الأسترالي)” [Figures Archive: Ibrahim Sukkarieh (Abu Maryam al-Australi)], https://syrianmemory.org/archive/figures/6874edaf26667111d6825d76

Interviews with key informants indicate that the influence of international actors on economic decision-making does not, in most cases, take the form of direct intervention. Rather, it is exercised through **negotiating tools that vary in intensity and effectiveness**. Several experts agree that this influence "is neither singular nor homogeneous, but varies according to the sector and the issue at hand."

International financial institutions, particularly the International Monetary Fund (IMF) and the World Bank (WB), are among the most prominent actors in this regard, providing significant technical support at both the macro and micro levels. Several experts note, however, that these institutions also promote **neoliberal policy packages**, such as privatisation and austerity, that do not adequately account for the fragility of Syria's political and social context. At the same time, these institutions link their interventions to conditions related to transparency and governance in exchange for funding. This prompts some informal actors to attempt to circumvent such conditions through what one expert described as "veiled dominance over implementation pathways," including through companies and institutions implementing internationally funded projects that are subject to the direct or indirect control of informal actors.

In addition to international financial institutions, several regional and international states, notably Qatar, Turkey, and Saudi Arabia, play varying roles in influencing the Syrian economy. Their motivations range from supporting reconstruction to securing strategic gains and bolstering regional influence. The interviews reveal that these states **do not always engage through official state channels**. Instead, they often cultivate direct relationships with specific actors within the local power structure. One expert notes that external actors "know very well who the real decision-makers are, and do not waste their time with official fronts."

The role of transnational corporations remains limited to date. Most interviews show that major corporations remain hesitant to invest in **small, high-risk** environments unless comprehensive economic governance, legal stability, and clear guarantees for investment protection are in place. According to one expert, "the absence of a credible institutional framework makes the entry of major global corporations unlikely in the foreseeable future." Rentier-sector companies, such as those operating in oil and gas, constitute an exception, as much of the literature indicates that such companies often benefit from opaque business environments in fragile and post-conflict states.[25]

The interview findings show that international actors' sources of influence rest primarily on three interconnected pillars: **financing, conferring broader legitimacy onto the authorities, and opening or closing channels of access to markets and resources.** In this context, one expert affirms that "external financing is the most important instrument of influence," whether in the form of grants, concessional loans, or conditional recovery projects. In the absence of genuine local financing alternatives, this financing becomes an effective tool of leverage. At

25 Le Billon, P. (2014): "Natural resources and corruption in post-war transitions: matters of trust", Third World Quarterly, 35(5), 770–786.

times, it pushes the ruling authorities to reorder their economic priorities "to align more closely with donor requirements than with local needs."

The influence of international actors also expands as a result of the ruling authorities' pursuit of external legitimacy. Several experts argue that merely working with international actors is presented in official discourse as an achievement in itself. As a result, some projects receive exceptional facilitation not because of their economic or developmental feasibility, but "because **they are linked to external funding or an international partner**." This reinforces differential treatment between projects and deepens the politicisation of economic decision-making.

In general, international actors cannot be viewed as a force with a single or uniform impact. Their influence is fragmented and selective, varying across sectors. It is most pronounced in financing, real estate, and energy, and less visible in local service sectors. Under these conditions, international influence interacts with existing local power structures, strengthening them at times and constraining them at others, without necessarily consolidating stable or inclusive economic governance.

Mechanisms of Influence

External actors, including states and financial and development institutions, exert influence over economic decision-making in Syria through instruments that **combine pressure and incentives**, without direct involvement in decision-making structures. In many cases, economic intervention "takes the form of advice or technical requirements," as one interviewed expert noted. The expert added that some economic decisions may be "amended or postponed because their timing does not align with the expectations of external actors," reflecting the ruling authorities' sensitivity to the positions of donors and international partners.

With regard to **funding conditionality**, donors seek to link the disbursement of financial resources to standards related to transparency and governance, particularly in reconstruction and early recovery projects. This approach constitutes a tool of pressure on the central authorities in light of limited alternative funding options. Its impact, however, remains partial and selective. According to the interviews, this conditionality has contributed to a "relative improvement in transparency" within externally funded projects, but has "not been reflected in the economic system as a whole." Some government or private institutions comply with the required standards "only within the externally funded project," without this leading to structural change in prevailing governance patterns.

One example of the difficulties facing external actors in supporting the current authorities, and of the conditionality attached to funding, is Qatari and Saudi support for the salaries and wages of government employees in the health and education sectors.[26] According to one expert working for an international organisation inside Syria, these two states required that support be provided through

26 UN News, "مبادرة سعوديّة قطريّة أمميّة بقيمة ٨٩ مليون دولار لدعم الاستقرار في سوريا" [Saudi-Qatari-UN Initiative Worth USD 89 Million to Support Stability in Syria], September 2025, https://news.un.org/ar/story/2025/09/1143421

the United Nations Development Programme (UNDP). This was not only to overcome the difficulties of financial transfers to Syria and the impact of sanctions, but also to ensure transparency in the distribution of salaries to the targeted groups.

Another crucial aspect of external financing is linked to **conditional direct investment**. Some external investors resort to direct negotiations with the centre of power in order to secure political and security guarantees for their investments, particularly in vital sectors such as energy. Examples include direct meetings and correspondence between Ayman Asfari, on the one hand, and the interim President and the Minister of Energy, on the other. One such correspondence indicates that Novaterra, the company chaired by Asfari, sought exclusive advantages in gas and oil fields,[27] in a manner that contradicts even the standards of a competitive market.

In limited cases, particularly in sensitive matters such as major contracts or strategic projects, external intervention becomes more blatant and direct. One business owner notes that, in such cases, "external opinion becomes a decisive factor in tipping the balance in favour of one project over another." This reflects external actors' ability **to influence the distribution of investment opportunities and direct economic priorities**. One example is the awarding of contracts worth approximately USD 11 billion to the Qatari company UCC, with Qatar's endorsement, for the development of the electricity sector and Damascus International Airport. It should be noted that these tenders were not open to all bidders, and their terms remain unclear to Syrians.

The influence of external actors in economic governance is characterised by a **dual and contradictory nature**. On the one hand, the conditions imposed by some of these actors contribute to the introduction of stricter regulatory standards in certain projects implemented in cooperation with United Nations (UN) organisations. On the other hand, this influence reinforces the logic of personalisation, as external actors seek out networks of influence rather than official institutions. This is evident in real estate projects and in most memoranda of understanding for investment projects, which were signed by the President and his inner circle, including his brother Hazem, rather than through the relevant institutions. In this sense, external pressure intersects with existing local power dynamics, at times constraining them at the project level while reproducing them at the broader level of the political economy.

27 Zaman al-Wasl, "أيمن الأصفري يعرض عبر نوفاتيرا مشروع غاز ضخم..." [Ayman Asfari Proposes a Major Gas Project through Novaterra...], September 2025, https://www.zamanalwsl.net/news/article/171579

4. Characteristics of Economic Governance in Syria

Based on the actor-mapping analysis, Syria's economy in the post-Assad era is governed through a fragile and fragmented institutional structure. Within this structure, the role of official state institutions has receded in favour of **informal power networks** that effectively shape decision-making outside formal legal frameworks.

Economic power is distributed across four interconnected layers. The first is a narrow circle close to the Presidency, which constitutes the real centre of decision-making. The second consists of official institutions that control vital revenue streams and are managed according to considerations of influence rather than national priorities. The third comprises weak technocratic ministries whose role has been reduced to pro forma implementation and which are controlled by power centres directly affiliated with the ruling authority. The fourth consists of emerging local actors, including former faction leaders — some of whom have been placed on international sanctions lists for war crimes committed after the fall of the Assad regime — and investors closely connected to the authorities.

All these layers intersect with the influence of external actors, who shape the balance of power at every level through financing, political legitimacy, and access to markets. This dynamic often reinforces the influence of informal networks and reshapes economic decision-making priorities away from the national interest.

There is, meanwhile, **a near-complete absence of any meaningful role for civil society organisations** concerned with economic affairs, trade unions, and chambers of commerce and industry. These entities remain outside the dynamics of real economic power. The ruling authorities in Syria also appear to be continuing the previous regime's approach of controlling these institutions and stripping them of their fundamental role in protecting rights and serving the public interest.

Although formal channels of communication exist between some state institutions and these entities, their influence over policymaking and economic decision-making is extremely limited. It rarely extends beyond procedural or non-binding advisory roles. Interviews conducted for this study indicate that conducting business, obtaining licences, and securing economic interests depend in practice on direct personal relationships between business owners and powerholders, rather than on institutional representation or collective frameworks. This reproduces the model of economic relations that prevailed under Assad, whereby these entities function merely as weak organisational fronts, while clientelism and personal connections continue to serve as the primary gateway to economic activity.

As for mechanisms of influence, their effects vary across actors but are increasingly evident in the **legitimisation of informal power** and the appointment of figures who previously operated behind the scenes to official positions. One example is the appointment of Mohammed Omar Qadid, a former commander in Hay'at Tahrir al-Sham (HTS), known as "Abu Abdul Rahman al-Zarbah," to the Central Organisation for Financial Control.[28]

These outcomes are also reflected in the **deliberate absence of coordination**. Obstacles are placed before coordination between state institutions, such as failing to inform the Ministry of Economy of projects undertaken by the Investment Authority. This ensures that control over these projects remains concentrated in the hands of the "inner circle" close to the President.

Overall, the analysis of actors and their mechanisms of influence demonstrates that economic decision-making in Syria does not follow a linear institutional path. Rather, it is the product of a three-way tug-of-war between informal actors' desire for monopoly, the formal actors' capacity for implementation, and the external actors' investment conditions.

Based on the actor mapping and the analysis of mechanisms of influence, the key characteristics of economic governance in Syria can be summarised as follows:

1. **The influence of powerful groups over the economic system:** Groups loyal to the ruling authorities, endowed with extensive economic and political influence, shape the trajectory of the economy by controlling key economic decision-making positions within the state. They take advantage of the state's institutional weakness and declining organisational capacity. This influence is often used to consolidate control over vital resources and sectors, contributing to the entrenchment of cronyism and corruption while undermining the logic of a national economy. There is therefore a pressing need to recalibrate the roles of economic actors within clear governance frameworks that prevent state institutions from being weaponised by interest groups seeking to capture and dominate economic resources.

2. **The capacity and technical expertise gap:** Numerous government entities have lost their qualified personnel and institutional memory due to the departure of a vast number of experienced employees. This loss was driven by sweeping, non-transparent layoffs, supplemented—to a much lesser extent—by the migration of certain cadres fearing accountability. In their stead, reliance shifted to new personnel lacking both technical knowledge and accumulated administrative experience. This has severely degraded institutional capacity to manage complex portfolios, particularly those tied to economic governance and reconstruction. Furthermore, the absence of clear internal frameworks for allocation of powers has exacerbated task duplication and weakened coordination among the entities responsible for economic affairs.

28 Snack Syrian, "انتقادات لتعيين أبو عبد الرحمن زربة رئيساً للرقابة الماليّة... الولاء يتفوّق على الكفاءة" [Criticism of the Appointment of Abu Abdulrahman Zorba as Head of Financial Oversight... Loyalty Prevails over Competence], 25 October 2025, https://snacksyrian.com/انتقادات-لتعيين-أبو-عبد-الرحمن-الزربة/

3. **Fragmentation and overlap of mandates:** State institutions suffer from fragmentation and a lack of coordination, which has led to operations functioning in silos, certain entities exceeding their legal mandates, the hollowing out of institutional work, and conflicts between various bodies. The merger of certain ministries has not led to genuine unification in decision-making or administration. Rather, departments have remained practically independent, both financially and technically, limiting the declared reform impact of these steps. Economic governance also suffers from the absence of a precise delineation of mandates, resulting in functional overlap that has weakened the efficacy of decision-making. This flaw became particularly evident with the establishment of the General Authority for Land and Maritime Ports, which began exercising duties that intersect with the competencies of existing ministries, thereby increasing institutional confusion and widening the gap between legal mandates and actual practice.

4. **Empowering newly established sovereign entities and the weakening traditional ministries:** The influence of traditional economic ministries has declined in tandem with the rise of institutions and bodies directly linked to the executive decision-making centre. The General Secretariat of the Presidency has emerged as a primary policy driver, while funds and entities answering directly to the Presidency have seized control over major resources and large-scale projects, completely bypassing governmental and societal oversight channel. Some newly established bodies, such as the General Authority for Land and Maritime Ports, have amassed extensive leverage due to their direct control over financial resources and trade routes.

5. **Weakening the role of economic chambers and unions**: Chambers of commerce and industry continue to suffer from limited efficacy and policy influence, alongside an inability to effectively communicate the actual challenges confronting producers and merchants—particularly owners of small and micro enterprises (MSMEs). Their role has not changed fundamentally compared with the Assad era. Rather than becoming partners in shaping economic policies, they have persisted merely as instruments for rubber-stamping and official directives promoting the state-sanctioned economic agenda.

6. **The absence of an effective legislative framework:** This is particularly pronounced in the absence of a freely elected People's Assembly, fundamentally mandated to debate economic and investment laws and decisions to ensure their sound alignment with the public interest. The issuance of the new investment law, alongside the ongoing deliberation of tax and labour laws by executive bodies completely devoid of a legislative umbrella, significantly heightens the risk of resources and wealth being redistributed to favour emergent networks of influence.

5. Scenarios for Economic Governance in Syria

Based on an analysis of the economic actor landscape and their mechanisms of influence, as well as interviews with experts, entrepreneurs, and business owners in Syria, three primary potential scenarios can be identified for the trajectory of economic governance during the transitional phase. It is worth noting that these scenarios do not necessarily constitute mutually exclusive pathways; rather, they serve as deductive analytical frameworks that may overlap during a given period or manifest as sequential phases of implementation, reflecting the prevailing power relations within the broader political economy framework. Nevertheless, the overarching direction of the economic trajectory remains fundamentally aligned with one dominant scenario over the others, particularly regarding its degree of centralisation, transparency, accountability, and dynamics of influence.

5.1. Veiled Dominance

Under this scenario, the authorities fail to execute structural economic reforms, opting instead for pro forma adjustments that serve to integrate informal influence networks into official state institutions. This occurs without any substantive dismantling of power relations rooted in corruption and patronage, or any meaningful rebuilding of accountability frameworks. Within this context, war economies persist and are recycled under legal guises, as former military commanders and economic brokers transition into formal actors occupying administrative or regulatory positions—thereby gaining institutional legitimacy while remaining insulated from accountability. Concurrently, socioeconomic inequality widens, and both the middle class and traditional business owners are marginalised, threatening a resurgence of conflict driven by a broader social base. The defining governance features of this scenario include:

- **Hyper-Centralisation:** Power is heavily concentrated around the Presidency and its immediate inner circle, while traditional ministries and agencies are relegated to purely executive roles in non-sovereign portfolios. Supra-ministerial bodies—such as the Sovereign Fund, the Development Fund, the Supreme Council for Economic Development, and the Border Crossings Authority—operate as direct instruments for resource and investment capture, bypassing the traditional administrative hierarchy entirely.

- **Performative Transparency:** Accountability is staged through state-aligned media outlets promoting the ruling authorities' policies rather than through formal state institutions. Meanwhile, major financial transactions, strategic contracts, and resource allocations remain insulated from genuine oversight, relying on arbitrary mechanisms to legitimise exceptions. Furthermore, institutional responsibility is deliberately diffused to obscure clear lines of accountability.

- **Institutionalised Informal Influence:** The influence of informal actors achieves relative stability following their institutional 'rehabilitation.' In tandem, the middle class and the traditional private sector face structural marginalisation, as access to resources and lucrative projects is reconfigured around political proximity rather than market competence. This deepens the rentier nature of the economy and accelerates the accumulation of social grievances, driven by stark economic disparities and the inability of the majority of the population to secure basic livelihood stability.

5.2. Fragmentation and State Absence

This scenario unfolds when the central authorities fail to assert comprehensive economic control, compounded by a total absence of external financing. Under these conditions, hybrid models of local governance consolidate power across various regions, driving a sharp divergence in institutional and administrative systems. While this trajectory may give rise to relatively functional localised governance structures, it occurs at the direct expense of the state's economic cohesion and sovereign unity. Consequently, it precipitates deep economic fracturing, severely hinders the implementation of unified national policies, and heightens the risk that regional economic disparities will fuel future hostilities. Under this scenario:

- **Chaotic Decentralisation:** Decentralisation degenerates from a potential administrative tool into a state of 'chaotic decentralisation.' Each region manages its micro-economy solely according to localised power relations, completely isolated from national coordination, lacking effective local institutions, and operating entirely outside an overarching legal framework.

- **Systemic Impunity and Predatory Economies:** Accountability suffers a near-total collapse, enabling the unchecked entrenchment of smuggling networks, arbitrary local levies, and the predatory exploitation of crossings and local resources. Simultaneously, localised and regional identities are weaponised to legitimise economic dominance, while social affiliations are instrumentalised as primary mechanisms of governance.

- **Volatile Local Power Structures:** Regional influence remains highly unstable and volatile, sustained only by coercive equilibria between armed actors and short-term, transactional interest networks. This environment exacerbates the risks of structural economic partition and transforms local socioeconomic disparities into volatile flashpoints for future conflict.

5.3. Structural Reform and Institutional Recovery

This scenario presupposes a decisive political commitment and the adoption of robust implementation mechanisms designed to dismantle informal influence networks and rebuild state institutions on the basis of competence and accountability. Crucially, this pathway is contingent upon the availability of external financing conditional upon transparency and genuine reform. This trajectory demands unflinching political will and a direct confrontation with entrenched interest networks, alongside a strategic approach that treats economic governance as a holistic process of institutional overhaul rather than a merely technical exercise. Under this scenario:

- **Structured Decentralisation:** Administrative and economic decentralisation is systematically structured, granting governorates, chambers of commerce and industry, professional associations, and civil society organisations the institutional space to participate in decision-making and monitor policy execution. This occurs within an inclusive development framework operating at both the local and national levels.

- **Institutional Transparency:** A substantive shift in transparency is achieved through the mandatory publication of public data and state contracts, while subjecting supra-ministerial funds and bodies to rigorous institutional and societal oversight. This serves as the foundation for gradually rebuilding trust among the state, the private sector, and civil society.

- **Rule-Based Governance:** An institutional shift in power occurs, transferring influence from personalised networks to independent legal frameworks and institutions that are insulated from the political elite, democratically elected, and subject to societal accountability. By abolishing arbitrary exemptions and patronage practices, this framework fosters an inclusive, productive economy capable of mitigating the risks of a relapse into violence.

Overall, economic governance in Syria is dynamically shaped by the shifting balances of power among actors influencing the broader political economy. Consequently, **Veiled Dominance** emerges as the most probable scenario in the near term, given the rapid expansion of informal networks of influence and their proven capacity to reproduce themselves within formal institutional frameworks. By contrast, the trajectory of **Fragmentation and State Absence** represents the worst-case scenario, given its imminent risks of structural partition and the total erosion of economic sovereignty. Conversely, **Structural Reform and Institutional Recovery** remains the ideal pathway; however, it demands an unequivocal political commitment to reshaping power relations in favour of the collective interest of society rather than particularistic interest groups. Nevertheless, the transition between these scenarios is not rigidly distinct, but unfolds through overlapping, incremental phases dictated by shifts in power dynamics. Therefore, empowering and supporting strategic actors capable of tipping the trajectory toward comprehensive reform—most notably civil society organisations and micro and small enterprises (MSMEs)—constitutes a critical leverage point for reshaping Syrian economic governance in an inclusive and sustainable manner.

Policy Recommendations

The findings of this study, grounded in field interviews with a diverse cohort of experts, entrepreneurs, business owners, and economic actors, indicate that any sustainable reform trajectory in Syria must begin with a comprehensive overhaul of economic governance. This process requires a participatory approach that actively engages all relevant stakeholders in building an inclusive and productive economy. While comprehensive reform is, by nature, a long-term process, it must be initiated through immediate, practical, and high-impact interventions. The proposed policy recommendations are structured around the following core pillars:

- **Institutional Reform and the Streamlining of Decision-Making Pathways:** Any serious reform trajectory must begin by rebuilding formal public institutions and strengthening their governance frameworks before moving towards new economic policies or financial instruments. The absence of a clear institutional hierarchy, the overlap of administrative mandates, and the hyper-centralisation of economic decision-making within the Presidency have hollowed out the operational substance of public policy, severely degrading both implementation capacity and oversight. In this context, targeted priority should be given to the following measures:
    - **Separating Formal Institutional Authority from Informal Influence:** Arbitrary governance must be curbed by ending the management of economic portfolios through personalised networks and non-institutional channels, while systematically restoring full mandates and competencies to the relevant ministries.
    - **Delineating Institutional Mandates:** The authorities must explicitly and publicly delineate the competencies of ministries, newly established bodies, and the General Secretariat of the Presidency. Functional overlaps should be actively prevented in order to establish clear institutional accountability for economic decisions and large-scale projects.
    - **Reactivating Horizontal Coordination:** Institutional stagnation should be addressed by revitalising horizontal coordination through regular and mandatory meetings of the Council of Ministers and the higher committees responsible for the economy, resources, and energy. These bodies must be substantively empowered with genuine decision-making authority rather than relegated to purely pro forma roles.
    - **Subjecting Newly Established Funds to Oversight:** Newly established entities — particularly the Syrian Development Fund and the Sovereign Fund — must be brought under the rigorous legislative and regulatory oversight of the People’s Assembly

and the Central Organisation for Financial Control. Their budgets and periodic performance reports should be published transparently to ensure robust societal accountability. Crucially, revenue data presented in the 2025 and 2026 Citizen Budget reveal the complete absence of funds recovered through anti-corruption settlements with figures linked to the former regime.[29] These recoveries, estimated at more than USD 1.5 billion from only three prominent businessmen,[30] appear to have been diverted directly into the Sovereign Fund, entirely bypassing general public finance channels.

- **Regulating the Role of Informal Actors and Strengthening Economic Participation:** Given the difficulty of excluding these actors altogether, reform efforts should focus on regulating their role and preventing them from becoming a permanent substitute for the state. The challenge lies less in their mere existence than in the absence of rules governing their activities, alongside the limited economic participation and weak collective action of micro and small business owners in the face of elite monopolisation of economic decision-making. In this regard, particular attention should be given to the following measures:

  - Prohibiting oral interventions in economic decision-making and requiring all directives to be issued in writing, documented, and subject to review.
  - Establishing a clear separation between political and security roles, on the one hand, and operational economic decision-making, on the other.
  - Establishing formal consultation mechanisms with economic actors, rather than relying on personalised channels of access and influence.
  - Rehabilitating relevant economic and civil society institutions, particularly chambers of commerce, industry, and agriculture, as well as trade unions, so that they serve as independent and primary channels for representing private-sector interests, rather than merely functioning as symbolic bodies.
  - Supporting and encouraging forms of collective action among micro and small business owners, whether through informal coordination structures or through effective trade unions and professional chambers, in ways that strengthen their bargaining power and integration into value chains.

- **Enhancing Transparency and Combating Structural Corruption:** Weak institutional performance is closely linked to structural patterns of corruption that feed on opacity,

29 Syrian Ministry of Finance, “نسخة المواطن: موازنة عام ٢٠٢٦” [Citizen Budget: 2026 Budget], 2026, https://docs.mof.gov.sy/citizen_budget_2026.pdf

30 Reuters. (July 2025): “Syria is secretly reshaping its economy. The president’s brother is in charge”, link:https://www.reuters.com/investigations/syria-is-secretly-reshaping-its-economy-presidents-brother-is-charge-2025-07-24/?utm_source=chatgpt.com

exceptions, and the absence of oversight. Accordingly, improving transparency is a prerequisite for any sustainable economic reform. In this regard, the following policy priorities stand out:

- Requiring all institutions to publish trade-flow data, public contracts, and procurement information, including for externally funded projects, in simplified and publicly accessible formats through digital platforms.

- Conducting a comprehensive review of commercial and tax laws in order to repeal legal provisions that allow direct approvals or special exceptions, and moving towards unified standards applicable to all companies and investors.

- Establishing a system for the public disclosure of assets by senior officials in economic administration and sovereign bodies, accompanied by an independent civil body of Syrian experts responsible for auditing and follow-up.

- Ensuring higher levels of transparency in the dealings of public-sector institutions, particularly with regard to privatisation processes, by disclosing criteria and procedures and clarifying the roles of the different entities involved.

- Revitalising the role of chambers of commerce and industry and trade unions, while protecting their independence, in order to enable them to effectively expose dysfunctions such as corruption, monopoly, and cronyism, in addition to protecting workers' rights across all sectors.

- Enabling clear monitoring and evaluation mechanisms for societal and legal oversight over major investments and public deals with broad implications for Syrians.

⦿ **Supporting an Inclusive Economy:** Strengthening the economic capacities of marginalised groups, particularly through support for micro and small enterprises (MSMEs), is a key instrument for rebalancing economic power relations, reducing corruption and monopoly, and advancing a more inclusive and equitable economic trajectory capable of generating jobs and expanding the productive base. In this regard, the following measures can be proposed:

- Launching capacity-building programmes for marginalised and economically vulnerable groups, provided that these programmes are linked to labour market needs and do not remain confined to formalistic or superficial activities.

- Improving the conditions under which MSMEs access markets and suppliers, while protecting them from exclusionary and monopolistic practices.

- Providing access to financing on favourable terms for small, competitive, and productive enterprises.

⦿ **Regulating External Economic Influence**

and Governing Financing: External influence is a reality that cannot be ignored. The challenge, however, lies in preventing it from becoming a substitute for national decision-making or the sole determinant of economic priorities. This can be regulated through the following measures:

- Formulating a clear national framework for economic priorities through a participatory process, so that it serves as a reference point in negotiations with donors.
- Unifying channels of communication with external actors and preventing the proliferation of local intermediaries.
- Linking all external funding to publicly declared national plans, rather than to separate or exceptional projects.
- Establishing strict criteria to ensure that reconstruction funds and international grants are directed towards inclusive development projects, rather than towards companies linked to networks of influence.

◉ **Restoring Institutional Memory and Building Capacity:** Restoring institutional memory is a prerequisite for avoiding the reproduction of the catastrophic governance patterns that prevailed under the Assad regime and for enhancing the effectiveness of economic administration, particularly in sensitive sectors. In this regard, the following measures stand out:

- Protecting technical expertise within institutions regardless of political affiliation, provided that the individuals concerned were not directly involved in crimes against Syrians.
- Documenting past procedures and decisions and building databases for each official institution, so that they serve as reference points for future decision-making.
- Adopting meritocracy and non-discrimination on the basis of political, regional, religious, or gender background among government employees, whether in relation to salaries, opportunities, or professional development.

Adopting a clear and gradual trajectory is a prerequisite for the success of any reform agenda in a fragile environment such as Syria. Rushing to implement broad economic changes could generate significant social and economic losses, while instability and lack of clarity in economic decision-making may prove more damaging than gradual implementation. It is therefore essential to begin with the most manageable and implementation-ready policy files, such as enhancing transparency in privatisation decisions and investment projects, testing new policies on a limited scale before wider rollout, and involving economic actors in the formulation of decisions that directly affect their interests.

Overall, the success of economic reform depends not only on the quality of written laws and procedures, but also on the capacity to implement them effectively. It also requires clear political will to advance the rule of law, transparency, and accountability. Otherwise, official institutions will remain hollowed-out structures with limited impact in an economic landscape dominated by groups seeking quick profit and control over resources, at the expense of stability and inclusive, sustainable development.

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